



Michigan League FOR Human Services

Testimony on Senate Bill 806 House Commerce Committee

Peter Ruark
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Good Afternoon, Chairman Schmidt and members of the House Commerce Committee. I am Peter Ruark, Senior Policy Analyst for the Michigan League for Human Services. The League is a nonprofit, nonpartisan statewide policy and advocacy organization dedicated to ensuring that Michigan's low-income residents achieve economic security. Thank you for the opportunity to speak with you today.

Michigan has one of the highest unemployment rates in the nation, yet does the least among its Midwestern peers in helping unemployed workers support their families as they look for work. As explained in our recent paper *Falling Short: Michigan's Unemployment Insurance Compares Poorly with Other Midwestern States*, Michigan's UI system is last among Midwestern states in four measures of its effectiveness:

- At \$362, Michigan pays the *lowest* maximum benefit in the Midwest, and its maximum benefit is the lowest percent (42%) of the state average weekly wage. Michigan's average weekly UI benefit, \$293, is slightly lower than minimum wage and is 12 percent below the poverty threshold for a family of three. For an unemployed worker in Wayne County, the fair market rent of a two-bedroom apartment consumes 62 percent of this amount. Expressed as a percentage of the state average weekly wage, the average UI benefit is only 34 percent of the average wage, the lowest percentage among Midwest states except for Illinois (whose average wage is disproportionately high due to the high wages in Chicago).
- A Michigan unemployed worker is *least* likely to be eligible for UI. Michigan has the lowest percent of its civilian labor force covered, and the lowest insured unemployment rate relative to total unemployment rate.
- Michigan pays out the *least* amount in UI benefits relative to total unemployment. When the total number of unemployed workers in the state is compared with the total amount spent on UI in state and federal funds, Michigan pays the least per unemployed worker.

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1223 Turner Street • Suite G1 • Lansing, MI 48906

517.487.5436/PHONE • 517.371.4546/FAX • WWW.MILHS.ORG

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- By reducing Basic UI to 20 weeks, Michigan will provide the *fewest* weeks of Basic UI beginning January 2012.

Despite all of this, the League is concerned that there are measures in this bill that unfairly hurt unemployed workers who are playing by the rules and making a good faith effort to find and keep employment. The League understands the urgency of addressing Michigan's UI debt to the federal government and shoring up its trust fund for the future. The League also understands that the purpose of UI is to provide temporary relief for unemployed workers until they find a job, that misuse of the system by employers and employees needs to be discouraged, and that having large UI liabilities hurts employers. However, these proposals come after Michigan reduced the number of state-funded weeks and after the state turned down federal funding that would pay the costs of making UI available to more workers.

Much of this bill appears to be based on an assumption that UI functions as a disincentive to work. This is not borne out by the findings of a recent study by the National Bureau of Economic Research that show that for a displaced worker in 2010Q4, the average monthly rate of "exiting" unemployment was 22.4%. It would have been around 24.4% if UI benefits hadn't been extended. About 2/3 of this increase came from *reduced labor force exit* rather than reduced reemployment.

While finding the right balance of reforms is a challenge, we ask this committee to reject or improve changes that cause undue hardship on unemployed workers who are playing by the rules and who are making a good faith effort to find and keep employment when it becomes available.



Michigan League FOR Human Services

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Falling Short: Michigan's Unemployment Insurance Compares Poorly with Other Midwestern States

by Peter Ruark
Senior Policy Analyst

For more than five years, Michigan has had the highest unemployment rate in the Midwest. Yet when its Unemployment Insurance system is compared with that of other Midwestern states on its ability to help unemployed workers as they look for work, it ranks last on the following four measures:

- Michigan pays the *lowest* maximum benefit
- A Michigan unemployed worker is *least* likely to be eligible for UI
- Michigan pays the *least* in UI benefits relative to unemployment
- Michigan will provide the *fewest* weeks of basic UI

Michigan's low ranking is due partly to its failure to update its maximum benefit and other aspects of its UI system, and partly to the passing of laws that directly weaken UI's effectiveness.

Michigan's Weekly Benefit Has Eroded over Time

In 1995, the Advisory Council on Unemployment Compensation to the President and Congress recommended that state UI systems replace at least 50 percent of eligible workers' lost earnings over a six-month period, and that the way to do this was to set a maximum benefit equal to two-thirds (66%) of the

state's average weekly wage.¹ This objective dates back to the founding of the UI system and was endorsed by President Eisenhower and most presidents thereafter. President Nixon said that UI should replace 50 percent of lost wages for four-fifths of all UI recipients—this became known as the “one-half for four-fifths” criterion.²

¹ Advisory Council on Unemployment Compensation, *Collected Findings and Recommendations 1994-1996*, Reprinted from Annual Reports of the Advisory Council on Unemployment Compensation to the President and Congress, 1996. http://www.ows.doleta.gov/dmstree/misc_papers/advisory/acuc/collected_findings/adv_council_94-96.pdf, accessed on September 23, 2011.)

² O'Leary, C. J., *The Adequacy of Unemployment Insurance Benefits*, W. E. Upjohn Institute for Employment Research, 1995.

Michigan falls far short of this standard. Since 1989, the earliest year for which data are available for this report, Michigan has not met either the two-thirds standard for the maximum benefit or the 50 percent standard for the average weekly benefit (Fig. 1). Until 1993, the maximum benefit was pegged at 58 percent

of the average weekly wage, but in 1994 the maximum benefit was decoupled from average wages and set at \$293 per week. The maximum has been increased two times since then: to \$300 in 1995 and \$362 in 2002.³

Figure 1

The Erosion of the Unemployment Insurance Benefit							
Year	State Average Weekly Wage (SAWW)			Maximum Weekly Benefit		Average Weekly Benefit	
	100%	Two-Thirds	58%	Amount	Percent of SAWW	Amount	Percent of SAWW
1989	\$454	\$303	\$263	\$263	58%	\$190	42%
1990	\$474	\$316	\$275	\$275	58%	\$205	43%
1991	\$477	\$318	\$277	\$277	58%	\$212	44%
1992	\$489	\$326	\$284	\$284	58%	\$211	43%
1993	\$507	\$338	\$294	\$293	58%	\$215	42%
1994	\$527	\$352	\$306	\$293	56%	\$212	40%
1995	\$554	\$369	\$321	\$300	54%	\$221	40%
1996	\$581	\$388	\$337	\$300	52%	\$204	35%
1997	\$591	\$394	\$343	\$300	51%	\$222	38%
1998	\$614	\$409	\$356	\$300	49%	\$233	38%
1999	\$644	\$429	\$374	\$300	47%	\$238	37%
2000	\$678	\$452	\$393	\$300	44%	\$244	36%
2001	\$714	\$476	\$414	\$300	42%	\$261	37%
2002	\$715	\$477	\$415	\$362	51%	\$280	39%
2003	\$725	\$483	\$420	\$362	50%	\$291	40%
2004	\$744	\$496	\$432	\$362	49%	\$289	39%
2005	\$765	\$510	\$444	\$362	47%	\$290	38%
2006	\$784	\$523	\$455	\$362	46%	\$294	37%
2007	\$803	\$535	\$466	\$362	45%	\$293	36%
2008	\$820	\$547	\$476	\$362	44%	\$299	37%
2009	\$835	\$557	\$484	\$362	43%	\$308	37%
2010	\$829	\$552	\$481	\$362	44%	\$295	36%
2011*	\$823	\$549	\$478	\$362	44%	\$291	35%

*Average weekly benefit data through September 2011.

Sources: State Average Weekly Wage: Michigan Department of Licensing and Regulatory Affairs (<http://www.michigan.gov/wca/0,1607,7-191--38774--,00.html>). Accessed on September 7, 2011. Average Weekly Benefit: U.S. Department of Labor Employment and Training Administration (<http://workforcesecurity.doleta.gov/unemploy/claimssum.asp>). Accessed on September 7, 2011. Maximum Weekly Benefit: National Employment Law Project

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³Evangelist, M. and R. McHugh, *Coming Back for More: Michigan Lawmakers Aim to Cut Unemployment Insurance for Second Time in Six Months*, National Employment Law Project, September 2011.

If Michigan had kept its maximum benefit at 58 percent of the average weekly wage, it would have been \$478 per week in 2011 rather than \$362. If the maximum benefit were equal to two-thirds of the average weekly wage, as recommended by the Advisory Council and most United States presidents, it would have been \$549 per week. It is currently 44

percent of the average wage, and would be even lower if the current economic downturn had not caused wages to fall. Michigan's average benefit, at only 35 percent of the average weekly wage in 2011, falls far short of the 50 percent level recommended by the Advisory Council.

Midwestern State Comparisons: How Does Michigan Rank Among Its Peers?

Indicator 1: Maximum Benefit Amount

Michigan Pays the *Lowest* Maximum Benefit, Resulting in a Low Average Benefit

When compared with the other Midwestern states, Michigan's maximum benefit ranks last, both as a nominal amount and as a percent of the state average weekly wage. During the first three months of 2011, four of the eight Midwestern states had maximum

benefits that equaled more than 60 percent of their average weekly wage while Michigan's maximum equaled only 42 percent. If Michigan had kept its maximum at 58 percent, as it had prior to 1994, it would currently have a maximum benefit of \$478 per week and rank fifth among the eight states (Fig. 2a).

Partly as a result of Michigan's low maximum benefit, its average weekly benefit is 34 percent of its average weekly wage. This puts Michigan second to

Unemployment Insurance Weekly Benefits in Midwestern States

Figure 2a

State	Average Weekly Wage	Maximum Weekly Benefits		
		Amount	Percent of Average Weekly Wage	Rank
Pennsylvania	\$896	\$581	65%	1
Ohio	\$819	\$524	64%	2
Iowa	\$738	\$461	63%	3
Minnesota	\$935	\$578	62%	4
Illinois	\$1,003	\$531	53%	5
Indiana	\$772	\$390	51%	6
Wisconsin	\$779	\$363	47%	7
Michigan	\$872	\$362	42%	8

Figure 2b

State	Average Weekly Wage	Average Weekly Benefits		
		Amount	Percent of Average Weekly Wage	Rank
Iowa	\$738	\$324	44%	1
Indiana	\$772	\$300	39%	2
Pennsylvania	\$896	\$340	38%	3
Minnesota	\$935	\$345	37%	4
Ohio	\$819	\$296	36%	5
Wisconsin	\$779	\$277	36%	6
Michigan	\$872	\$293	34%	7
Illinois	\$1,003	\$324	32%	8

Ranking: 1=best; 8=worst

Sources: Average Weekly Wages: Bureau of Labor Statistics, County Employment and Wages: First Quarter 2011 (<http://www.bls.gov/cew>). Accessed on September 28, 2011. Maximum Benefits: Employment and Training Administration, Significant Provisions of State Unemployment Insurance Laws, Effective January 2011 (<http://workforcesecurity.doleta.gov/unemploy/content/sigpros/2010-2019/January2011.pdf>). Accessed on September 28, 2011. Average Weekly Benefits: Employment and Training Administration, Summary Data for State Programs, by State (<http://workforcesecurity.doleta.gov/unemploy/claimssum.asp>). Data collected for January 2011-March 2011, accessed on September 28, 2011.

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last among the eight states, higher than only Illinois, whose percentage is lower due to that state's unusually high average weekly wage (Fig. 2b).

Indicator 2: UI Coverage

A Michigan Unemployed Worker is *Least Likely to be Eligible for UI*

Covered employment is defined as the number of employees who are covered by the UI system should they become unemployed, as reported to the state UI agency by employers. As a percent of the total labor force, Michigan's covered employment is the lowest in

the Midwest at 80 percent, while Indiana's is the highest at 87 percent (Fig. 3a).

When comparing Michigan's Insured Unemployment Rate (3.2) against its Total Unemployment Rate (10.4), Michigan has a percentage point gap of 7.2, far larger than the gap in the other Midwest states.⁴ A Michigan unemployed worker is much less likely to be eligible for UI than a worker in Pennsylvania, Iowa, Wisconsin or Minnesota, which have gaps of less than 4 percentage points (Fig. 3b).

Unemployment Insurance Coverage in Midwestern States

Figure 3a

Covered Employment (In thousands)				
State	Covered Employment ^a	Civilian Labor Force	Percent Covered	Rank
Indiana	2,708	3,130	87%	1
Wisconsin	2,644	3,068	86%	2
Pennsylvania	5,442	6,323	86%	3
Minnesota	2,557	2,977	86%	4
Iowa	1,431	1,678	85%	5
Ohio	4,890	5,886	83%	6
Illinois	5,490	6,615	83%	7
Michigan	3,777	4,719	80%	8

Figure 3b

Unemployed Workers				
State	Unemployment Rate		Percentage Point Gap	Rank
	Insured ^b	Total		
Pennsylvania	4.1	7.6	3.5	1
Iowa	2.1	5.9	3.8	2
Minnesota	2.5	6.6	4.1	3
Wisconsin	3.6	7.7	4.1	3
Illinois	3.3	9.1	5.8	5
Indiana	2.3	8.3	6.0	6
Ohio	2.4	8.7	6.3	7
Michigan	3.2	10.4	7.2	8

Ranking: 1=best; 8=worst

a Covered Employment: The number of employees covered by Unemployment Insurance, as reported to the states by employers.

b Insured Unemployment Rate: The rate computed by dividing insured unemployed workers for the current quarter by covered employment for the first four of the last six completed quarters.

Source: Employment and Training Administration, Unemployment Insurance Data Summary, 2nd Quarter 2011 (<http://www.ows.doleta.gov/unemploy/content/data.asp>). Accessed on September 28, 2011.

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⁴The Insured Unemployment Rate is computed by dividing the number of insured unemployed workers for the current quarter by the number of workers in "covered employment" for the first four of the last six completed quarters. The Total Unemployment Rate refers to the seasonally adjusted unemployment rate that is computed by dividing the number of unemployed workers by the total number of workers in the labor force. (Employment and Training Agency of the U.S. Department of Labor)

Indicator 3: UI Dollars Spent Per Unemployed Worker

Michigan Pays the Least in UI Benefits Relative to Unemployment

From 2006 to 2011, each of the Midwestern states experienced a severe recession and a slow recovery, and all eight states saw an increase in unemployed workers. While the seven other Midwestern states increased the total amount paid out in state UI benefits (those paid out to workers unemployed 26 weeks or less), Michigan decreased the amount it paid out in state benefits by 23 percent (Fig. 4). This is especially remarkable given that during that time, Michigan's unemployment was highest in the Midwest (and for several of those years, highest in the nation).

In 2011, a large number of Michigan's unemployed workers were unemployed for more than 26 weeks, making them eligible for federally funded Extended Benefits and Emergency Unemployment Compensation for up to 99 weeks if needed.⁵ The other seven Midwest states also qualified for the federally funded benefits, although not all qualified for the maximum 99 weeks as Michigan did. Michigan had the second-highest percentage (59%) of federal benefit dollars as a share of total dollars spent on UI benefits.

One way to compare the overall responsiveness of state UI programs is to calculate the amount of UI benefit dollars spent per unemployed worker in each state, taking into account all unemployed workers and not just those covered by UI. Despite the availability of federal funds to help long-term unemployed workers as needed, Michigan fell from 3rd to 8th among the eight states in the amount of UI benefit dollars spent per unemployed worker. During July-September of 2006, Michigan spent an average of \$383 for every unemployed worker, and during the same period in 2011, with the addition of the federal funds, Michigan

spent an average of \$498 per unemployed worker. While this was a 30 percent increase, it was a much smaller increase than in the other seven Midwest states (Ohio had an increase of 97%, for example), and \$498 per unemployed worker was the lowest amount among the eight states.

Indicator 4: Length of Benefits

Michigan Will Allow the Fewest Weeks of Basic UI

As discussed previously, Michigan's high unemployment rate made workers in the state eligible, as needed, for the federally funded Extended Benefits and Emergency Unemployment Compensation in addition to the 26 weeks of Basic UI. For long-term unemployed workers who remained unsuccessful in finding a job despite many months of looking for work, there were a combined total of 99 weeks of benefits available.

The federal benefits, however, are scheduled to expire in January 2012. If the legislation providing these benefits is not renewed, benefits will end for an estimated 66,700 unemployed Michigan workers, and workers who become unemployed after that time will be limited to Basic UI.⁶

Such workers, however, will not be able to collect Basic UI benefits as needed for up to 26 weeks, as they have in all 50 states since UI was first enacted. Earlier this year, despite persistent unemployment, Michigan's Legislature voted to make Michigan the first state to reduce the maximum number of weeks of Basic UI from 26 weeks to 20 weeks. This change is scheduled to take effect in January 2012, the same month that the federally funded extension benefits will expire if they are not renewed. No other Midwest state has reduced its benefit weeks this drastically; the one

⁵ Extended Benefits are available to states with high unemployment rates, and are normally funded 50 percent out of state trust funds and 50 percent by the federal government. However, as part of the American Recovery and Reinvestment Act, the federal government funds 100 percent of Extended Benefits until January 1, 2012. Emergency Unemployment Compensation is a special multi-tiered program for additional benefits that was created in 2008 and is scheduled to expire on January 1, 2012.

⁶ National Employment Law Project, *Hanging On By a Thread: Renew Federal Unemployment Insurance to Aid Families, Boost Stalled Economy*, October 11, 2011.

Figure 4

UI Benefit Dollars Spent by Midwestern States Per Unemployed Worker (Includes UI and Non-UI Recipients)

State	2006				2010			
	STATE DOLLARS ONLY		STATE & FEDERAL DOLLARS		STATE DOLLARS ONLY		STATE & FEDERAL DOLLARS	
	Number of Unemployed Workers	Spent in State	Spent per Unemployed Worker	Rank	Number of Unemployed Workers	Spent in State	Spent per Unemployed Worker	Rank
Pennsylvania	286,022	\$158,559,957	\$554	1	515,849	\$238,506,397	\$462	1
Wisconsin	137,262	\$50,576,154	\$368	4	226,175	\$70,557,303	\$312	3
Minnesota	110,689	\$40,557,472	\$366	5	200,189	\$59,990,791	\$300	4
Illinois	297,363	\$116,522,313	\$392	2	652,904	\$173,204,475	\$265	5
Iowa	56,404	\$20,356,699	\$361	6	95,408	\$29,873,952	\$313	2
Indiana	161,932	\$47,919,769	\$296	7	270,056	\$58,141,841	\$215	7
Ohio	324,495	\$83,258,761	\$257	8	521,721	\$123,100,169	\$236	6
Michigan	364,805	\$139,900,535	\$383	3	520,887	\$107,609,779	\$207	8

Ranking: 1=best; 8=worst

Sources: State Benefit Dollars Paid: *Employment and Training Administration, Summary Data for State Programs* (<http://ows.doleta.gov/unemploy/claimsum.asp>). Data collected for July 2006-September 2006 and July 2011-September 2011, accessed on November 2, 2011. Federal Benefit Dollars Paid: Employment and Training Administration, Emergency Unemployment Compensation 2008 (EUC08) and Federal-State Extended Benefit (EB) Summary data for State Programs (<http://www.workforcesecurity.doleta.gov/unemploy/euc.asp>). Data collected for July 2011-September 2011, accessed on November 2, 2011. Number of Unemployed Workers: Bureau of Labor Statistics, *Local Area Unemployment Statistics, Not Seasonally Adjusted* (<http://data.bls.gov/pdq/querytool.jsp?survey=la>). Data collected for July 2006-September 2006 and July 2011-September 2011, accessed on November 4, 2011.

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other Midwest state to reduce its weeks, Illinois, shaved off only one week. On this indicator, as with the others, Michigan's policies have put the state last in the Midwest: while having the highest unemployment rate, Michigan provides the fewest weeks of Basic UI benefits (Fig. 5).

The combination of the Basic UI benefit week reduction and the discontinuation of federal extended benefits will cause hardship for many families with an unemployed breadwinner. It will also weaken many local economies, as unemployed workers will spend less money in their communities. Recent research by the Urban Institute found that, nationally, every \$1 spent on UI benefits during the latest recession resulted in the economy growing by \$2.⁷ As unemployed workers exhaust their benefits, business activity will go down, which will likely result in further job losses.

Figure 5

Unemployment Rate and Basic UI Benefit Weeks in Midwestern States			
State	Unemployment Rate	National Rank	Number of Basic UI Weeks
Iowa	6.1	8	26
Minnesota	7.2	13	26
Wisconsin	7.9	21	26
Pennsylvania	8.2	25	26
Indiana	8.7	29	26
Ohio	9.1	32	26
Illinois	9.9	40	25
Michigan	11.2	49	20

Ranking: 1=best; 51 =worst

Sources: Unemployment Rate: Bureau of Labor Statistics, Local Area Unemployment Statistics (<http://data.bls.gov/pdq/querytool.jsp?survey=la>). Data is preliminary, seasonally adjusted and collected for August 2011, accessed on October 6, 2011.

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How did Michigan get to last place?

A number of decisions have contributed to Michigan's last place standing in the Midwest:

- Failure to update the maximum weekly benefit to keep up with wages.*** While the maximum benefit was set as a percentage of the average weekly wage prior to 1994, it was changed that year to a flat rate that erodes each year with inflation unless increased by the Legislature. It has only been increased once since 1995 and is now equal to 44 percent of the average weekly wage.
- An eligibility system that makes it difficult for workers to be eligible for UI.*** While Illinois, Iowa, Minnesota, Pennsylvania and Wisconsin allow some workers to collect benefits with base period earnings as low as \$1,500-\$2,000, Michigan's minimum is \$4,307.⁸ (It is important to note that these levels are absolute minimums; additional minimum thresholds are established for quarterly wages that prevent many workers from collecting benefits at the levels cited.)
- Failure to modernize the UI system.*** Michigan had the opportunity to receive federal funding under the Unemployment Insurance Modernization Act in exchange for making at least two modernizations to its eligibility and benefit rules. This money would have covered a significant portion of the costs of these modernizations. Such modernizations included making UI available to those looking only for part-time work, those participating in skills training instead of job search, and/or those who left work for compelling family reasons such as spouse relocation, caring for an ill or disabled family member, or domestic violence. Increasing Michigan's dependent allowance from \$6 to \$15 per dependent would have also counted as one modernization. While four other Midwestern

⁷ Vroman, Wayne, *The Role of Unemployment Insurance as an Automatic Stabilizer During a Recession*, Urban Institute, 2010.

⁸ Employment and Training Administration Comparison of State UI Laws (<http://workforcesecurity.doleta.gov/unemploy/statelaws.asp>). Data collected for July 2011, accessed on October 5, 2011.

states (and 33 states nationally) modernized their systems before the August 2011 deadline and thus became eligible for the funding. Michigan opted to do nothing and leave the money on the table.

- d) ***A reduction in the number of weeks of Basic UI available to workers.*** As stated previously, Michigan in 2011 became the first state in the country to reduce its number of available Basic UI weeks from 26 to 20.

Recommendations

These four indicators show that Michigan, while having the highest unemployment rate in the Midwest, has the least responsive Unemployment Insurance system. This is bad for not only workers and their families, but for local economies and small businesses as well. Following are recommendations that would help Michigan's UI system to more adequately respond to economic downturns in the state.

- a) ***First, do no harm:*** As the Legislature considers further UI legislation, it should take into account whether such legislation will strengthen Michigan's UI program and bring it in line with other states or cause it to fall farther behind in responding to the needs of workers. Michigan's Legislature should say no to any legislation that will make it more difficult for unemployed workers to access UI as they look for work. Keep in mind that UI is an economic stimulus; it keeps consumer dollars flowing into local businesses such as retail stores, automobile repair shops, home repair contractors and beauty salons. When this flow of consumer spending is interrupted by high unemployment, businesses suffer.
- b) ***Restore the 26 week maximum for Basic UI.*** Just as it took legislative action to reduce the maximum from 26 to 20, it will take legislative action to reverse this action. The Legislature has the option to continue being "penny wise and pound foolish" and letting job providers lose money through reduced customer revenue as unemployed workers exhaust their benefits. It

also has the option to restore the 26 week maximum in recognition of the fact that UI can help workers, their families, and job providers by providing a safety net for those who remain unable to secure employment after 20 weeks of job search.

- c) ***Peg the maximum benefit to the average weekly wage:*** As discussed previously, until 1994 the maximum benefit was set at 58 percent of the average weekly wage. Unlike the flat rate currently in use, pegging the maximum benefit to wages enables it to keep pace with economic realities without the need for periodic legislative adjustments. As the average wage increases, the maximum benefit increases accordingly; when the average wage falls, as it did in 2009 and 2010, the maximum benefit also falls. When determining the percentage, the Advisory Council recommendation that the maximum benefit equal two-thirds of the average weekly wage should be kept in mind. Although Michigan's 58 percent standard fell short of this recommendation, it would have enabled a more generous maximum in recent years than the flat rate of \$362 currently in place.
- d) ***Lower the minimum base period and quarterly earnings requirements for unemployed workers to collect UI benefits.*** Revisiting and adjusting these minimums will allow more workers to collect benefits and reduce the incidence of unemployed low-wage workers having to go onto TANF cash assistance as they look for work.
- e) ***Implement a work sharing system in Michigan through policy or legislation to help avert layoffs.*** As the Center for Law and Social Policy explains, work sharing "provides employers with an alternative to layoffs when they are faced with a temporary decline in business. Instead of laying off a portion of the workforce to cut costs, an employer may reduce the hours and wages of all employees or a particular group of workers. Workers with reduced hours and wages are eligible for partial unemployment benefits to

supplement their paycheck.”⁹ Twenty-three states, including the three Midwestern states of Minnesota, Iowa and Pennsylvania, have implemented work sharing programs.

- f) ***Expand eligibility for UI to unemployed workers seeking part-time work, workers who left their jobs out of necessity for compelling family reasons, and/or workers who became unemployed who are using their time to acquire new skills through training rather than looking for immediate employment.*** Each of these eligibility expansions were options under the Unemployment Insurance Modernization Act that would have enabled Michigan to receive

federal funding. While the federal money is no longer available, Michigan can still undertake one or more of these eligibility expansions for the good of its workers and its local economies.

- g) ***Raise the dependent allowance from \$6 to \$15.*** This was also an option that would have allowed Michigan to receive funding under the Unemployment Insurance Modernization Act. Increased benefits due to a larger dependent allowance would still be subject to the current \$362 weekly maximum benefit level, however, so this would ideally be done in tandem with an increase in the maximum benefit.

⁹ Ridley, Neil and David Balducci, *Work Sharing: An Alternative to Layoffs*, Center for Law and Social Policy, October 2011.

